GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1887
ANSWERED ON:30.11.2000
REQUEST TO OPEC FOR REDUCTION OF OIL PRICES
Y.S. VIVEKANANDA REDDY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India has urged the OPEC to reduce oil prices;

(b) if so, the extent to which the OPEC members have considered the request of the Indian Government;

(c) whether the decision to increase in oil prices by OPEC has forced the Governmentto consider the increase in prices of petroleum products and gas in the domestic market; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): The information is given in the attached statement.
Statement referred to in reply to parts (a) to (d) of Lok Sabha Unstarred Question No. 1887 for30.11.2000 regarding request to OPEC for reduction of oil prices.
(a) and (b): In the months of March and September, 2000, India had made a request tothe Organisation of Petroleum Exporting Countries (OPEC) members to increase production level of crude oil which would facilitate bringing down the oil prices to sustainable, stable level. During the World Petroleum Congress held in Calgary, Canada, theMinister of Petroleum & Natural Gas held a bilateral meeting on this subject with the Secretary General of OPEC. Theissue was again taken up by the oil consuming countries including India at the 7th World EnergyForum held at Riyadh from November 17-19, 2000. Various oil importing countries pressed the urgent need for taking immediate steps to bring down the prices of crude oil. Further, Minister of Petroleum and Natural Gas, in his bilateral discussions with the oil Ministers of OPEC member countries, took up the issue. While appreciating the difficulties faced by the oil importing countries, they agreed to consider the matter within the framework of OPEC.

(c)and (d): On account of the steep increase of more than 3 times in the prices of crude oil and petroleum products in the international market between February 1999 to September2000, the oil pool deficit which had come down to Rs. 3,408 crore at the end of 1998-99, increased to around Rs. 6,300 crore as on 31.3.2000 and would have gone up to Rs. 23,600 crore by March 31, 2001 at the pre 30th September, 2000 prices. Such a high level of deficit in the oil pool account was not sustainable as it would have affected the liquidity of the oil companies adversely, making it difficult either to import or process crude oil and market products. This necessitated the revision in prices. The prices of petrol, diesel, kerosene for public distribution, and domestic LPG were revised upwards with effect from 30th September, 2000.
Subsequently, prices of kerosene for public distribution and domestic LPG were revised downwards from 22nd November, 2000. The details are as follows:

Name of product Selling Unit Ex-storage point Ex-storage point as on 30.9.2000 (Rs./selling Unit) Ex-storage point price after 22.11.2000 (Rs./selling Unit)
price before revision price before revision (Rs./selling Unit)
Kerosene(PDS)
litre

4.50

700
6.11
LPG(Domestic)
Cyl.
154.00
185.00
176.46
Diesel
litre

9.63
11.93
11.93
Petrol
litre
15.40
19.00
19.00
ATF
litre
12.76
14.76
14.76